



County of Los Angeles  
**CHIEF EXECUTIVE OFFICE**

Kenneth Hahn Hall of Administration  
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WILLIAM T FUJIOKA  
Chief Executive Officer

May 11, 2010

The Honorable Board of Supervisors  
County of Los Angeles  
383 Kenneth Hahn Hall of Administration  
500 West Temple Street  
Los Angeles, CA 90012

**ADOPTED**

BOARD OF SUPERVISORS  
COUNTY OF LOS ANGELES

#43 MAY 11, 2010

*Sachi A. Hamai*  
SACHI A. HAMAI  
EXECUTIVE OFFICER

Board of Supervisors  
GLORIA MOLINA  
First District

MARK RIDLEY-THOMAS  
Second District

ZEV YAROSLAVSKY  
Third District

DON KNABE  
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MICHAEL D. ANTONOVICH  
Fifth District

Dear Supervisors:

**DEPARTMENT OF PUBLIC WORKS:  
SOUTH HEALTH CENTER REPLACEMENT PROJECT  
APPROVE PROJECT BUDGET  
AWARD DESIGN/BUILD CONSTRUCTION CONTRACT  
AWARD SUPPLEMENTAL AGREEMENT  
APPROVE RELATED ACTIONS  
SPECS. 7038; CAPITAL PROJECT 77177  
(SECOND DISTRICT) (3 VOTES)**

**SUBJECT**

Approval of project budget, award of a design/build contract to McCarthy Building Companies Inc. (McCarthy), approval of related actions, and approval of a Supplemental Agreement with J. C. Chang & Associates (J.C. Chang) for the South Health Center Replacement project.

**IT IS RECOMMENDED THAT YOUR BOARD:**

1. Approve the project budget in the amount of \$20,000,000 for the South Health Center Replacement Project, Capital Project 77177.
2. Find that McCarthy Building Companies Inc. is the most advantageous and best value proposer; award a design-build contract to McCarthy in an amount not-to-exceed \$14,021,000 for the South Health Center Replacement Project; and authorize the Director of Public Works to execute the contract, upon receipt of acceptable and approved Faithful Performance, Labor and Materials Bonds, and insurance certificates filed by the design-builder, and to establish the contract effective date.

*"To Enrich Lives Through Effective And Caring Service"*

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3. Authorize the Director of Public Works, in coordination with the Chief Executive Officer, to control the use of the design completion allowance of \$750,000, including the authority to reallocate any portion or all of the allowance into the contract sum.
4. Delegate authority to the Director of Public Works to execute Consultant Services Agreements for a stipend in an amount not-to-exceed \$50,000 each with the second and third highest ranked qualifying proposers, neither of which was selected as the design-builder for the project, enabling the County to use all design and construction ideas and concepts included within their proposals.
5. Award and authorize the Director of Public Works to execute Supplemental Agreement 4 to Architect/Engineer Services Agreement PW-13165 with J.C. Chang & Associates for providing additional design and design-build support services during construction for a not-to-exceed amount of \$150,000.

#### **PURPOSE/JUSTIFICATION OF RECOMMENDED ACTION**

Approval of the recommended actions will approve the project budget, and award the design-build contract for the South Health Center Replacement project to McCarthy. It will also provide sufficient contracting authority for J.C. Chang to continue architectural, engineering, design, and construction support services for the completion of the South Public Health Center Replacement Project.

#### **Background**

On August 11, 2009, your Board approved the establishment of the South Health Center Replacement project using design-build construction as the project delivery method. The project scope consists of the construction of a new outpatient public health center at the northwest corner of 120th Street and Wilmington Avenue in the unincorporated Willowbrook area to replace the current South Health Center located in South Los Angeles. The health center will provide public health clinics for conditions, such as, sexually transmitted diseases, and tuberculosis, as well as, communicable disease immunizations.

On August 27, 2009, a prequalification questionnaire was issued to prequalify and short-list prospective design-build entities for the project. On September 24, 2009, completed prequalification questionnaires were received from 13 design-build entities. An Evaluation Committee (Committee) comprised of staff from the Department of Public Works (Public Works), Chief Executive Office (CEO), Community Development Commission (CDC), and the Department of Public Health (Public Health) reviewed the

prequalification questionnaires, and the following three design-build entities were determined to be the highest ranked: 1) DPR Construction Inc.-HMC Architects; 2) McCarthy-Taylor; and 3) S.C. Anderson, Inc.-KSA Group Architects. These three design-build entities were requested to submit technical and cost proposals for the project.

On October 13, 2009, your Board, as the Board of Supervisors and the Board of Commissioners, approved an application to the U.S. Department of Housing and Urban Development (HUD) for a Section 108 Loan Guarantee of approximately \$10,000,000 and a companion Economic Development Initiative grant of approximately \$10,000,000 to construct the new South Health Center. The contract for Loan Guarantee Assistance and related documents were prepared by HUD upon its approval of the Section 108 loan application in December 2009.

On February 23, 2010, the three short-listed design-build entities submitted their final proposals consisting of a technical submittal, a price proposal, and value engineering/innovative alternates. The Committee scored each proposal based on the eight criteria categories outlined in the Request for Proposal (RFP), five of which are specified in the enabling legislation: technical design and construction expertise, life cycle cost analysis, skilled labor force availability, safety record, price, design-build team personnel and organization, delivery plan/schedule, and value engineering. McCarthy was determined to be the apparent best value proposer in accordance with provisions of the RFP. A summary reflecting the Committee's scoring of the proposals is included in Attachment B.

#### Design-Build Contract and Design Completion Allowance

Upon determination of the apparent best value proposer by the Committee, Public Works negotiated final terms with McCarthy, which had submitted a base price proposal of \$12,039,783, which included the design completion allowance of \$750,000. The negotiations resulted in the recommended base contract amount of \$13,271,000 plus the design completion allowance of \$750,000 for a maximum, not-to-exceed contract sum of \$14,021,000. The added amount from the negotiations came from refinements of McCarthy's design to include salient design elements from the other proposers and value-added recommendations to enhance the final building product.

The contract's design completion allowance of \$750,000 is intended to facilitate the resolution of issues identified only during the design phase of the project, including issues concerning the County's scoping documents or changes required by jurisdictional agencies or due to unforeseen conditions discovered during design, including any increased design and construction costs associated therewith. The inclusion of the design completion allowance will facilitate the decision-making process during design and minimize potential delays that could occur while design phase issues are resolved. The use of the design completion allowance will be controlled by Public Works in conjunction with the Chief Executive Office. The design completion allowance shall not be used to fund the resolution of issues, conditions, or changes encountered during the construction phase.

Upon your Board's approval, and was provided for under the RFP, the second and third highest ranked qualifying proposers will each be paid a stipend of \$50,000, which affords the County the right to use selected design elements and ideas contained in the proposals submitted by such proposers.

Following your Board's approval of the award of design-build contract to McCarthy, the County and CDC will return to your Board to seek approval of the sale and lease of the real property between the Commission and the County for the new South Health Center, located in the Willowbrook Community Redevelopment Project Area and federally designated Empowerment Zone.

#### Supplemental Agreement 4

On July 7, 2008, an Architect/Engineering Agreement PW-13165 in the amount of \$500,000 was executed with J. C. Chang to provide as-needed architectural and engineering services for Public Works. Under delegated authority, Public Works executed Supplemental Agreements 1 through 3 in the amount of \$125,000, increasing the total contract amount to \$625,000. Public Works is recommending your Board's approval to award Supplemental Agreement 4 for a \$150,000 not-to-exceed fee in order to provide additional support services during the design-build phase.

#### Green Building/Sustainable Design Program

The project will support your Board's sustainable design program by incorporating features into the project to attain the U.S. Green Building Council's Leadership in Energy and Environmental Design's Silver certification. The building will be energy efficient; incorporating abundant natural light, and fixtures that reduce water consumption. Additional sustainability features include being located in a transit oriented area, and using low-emitting construction materials. McCarthy is committed to

diverting much of their construction waste from landfills through recycling, and using building products made up of regional and rapidly renewable materials.

### **Implementation of Strategic Plan Goals**

The Countywide Strategic Plan directs the provision of Operational Effectiveness (Goal 1), as the project is an investment in public infrastructure. This action will further the Children, Family and Adult Well-Being (Goal 2), Community and Municipal Services (Goal 3), and Client centered Health and Mental Health (Goal 4), by providing high standards of healthcare to the residents of the County of Los Angeles. Completion of this project will provide a much needed health benefit for the residents of the County.

### **FISCAL IMPACT/FINANCING**

On August 11, 2009, we noted that we would return to your Board for approval of the final project cost along with the recommendation to award the selected design-build contract.

The total project cost, including plans and specifications, plan check, construction, consultant services, civic art fee, miscellaneous expenditures, and County services, is currently estimated at \$20,000,000. The project is funded by a Section 108 Loan Guarantee, an Economic Development Initiative Grant, HUD, and net County cost.

Sufficient appropriation is available in the Fiscal Year (FY) 2009-10 Capital Projects/Refurbishments Budget to fund the recommended actions. The Project Schedule and Budget Summary are included in the Attachment A.

### **Operating Budget Impact**

Ongoing operating costs, including salaries and employee benefits, services, and supplies, are estimated at \$3.7 million annually. While the new South Health Center will likely reduce certain operating costs such as energy and utilities, Public Health anticipates ongoing operating costs will likely be impacted by usual changes in health care inflation such as pharmaceutical and supply cost increases. It is important to note that increased operating costs would occur regardless of the replacement project and would likely be higher in the absence of the replacement project because of major problems with the physical condition of the existing building. Ongoing costs are accounted for in Public Health's budget and are financed through net County cost, and State and Federal revenues.

Following construction of the proposed South Health Center Replacement project, Public Health estimates incurring approximately \$2.0 million in one-time start-up costs, comprised of moving expenses, and furniture and other equipment purchases. Public Health and the CEO are working to develop a financing plan for the one-time start-up costs that will be included in Public Health's FY 2010-11 Supplemental Budget request.

### **FACTS AND PROVISIONS/LEGAL REQUIREMENTS**

As required by your Board, the project budget allocates one percent of the design and construction costs to the Civic Art Fund per your Board's Civic Art Policy, adopted on December 7, 2004, and subsequently amended.

The design-build contract will be in the form previously reviewed and approved as-to-form by County Counsel. The recommended contract was solicited on an open competitive basis and is in accordance with applicable Federal, State, County, and HUD Section 3 requirements.

Data regarding J.C. Chang's minority participation is on file with Public Works. The agreement includes a cost-of-living adjustment provision in accordance with your Board Policy, which was approved on January 29, 2002.

The existing contract contains terms and conditions supporting your Board's ordinances, policies, and programs, including but not limited to: County's Greater Avenues for Independence and General Relief Opportunities for Work programs (GAIN/GROW), Board Policy No. 5.050; Contract Language to Assist in Placement of Displaced County Workers, Board Policy No. 5.110; Reporting of Improper Solicitations, Board Policy No. 5.060; Notice to Contract Employees of Newborn Abandonment Law (Safely Surrendered Baby Law), Board Policy No. 5.135; Contractor Employee Jury Service Program, Los Angeles County Code, Chapter 2.203; Notice to Employees regarding the Federal Earned Income Credit (Federal Income Tax Law, Internal Revenue Service Notice 1015); Contractor Responsibility and Debarment, Los Angeles County Code Chapter 2.202; the Los Angeles County's Child Support Compliance Program, Los Angeles County Code, Chapter 2.200; and the standard Board directed clauses that provide for contract termination or renegotiation.

### **ENVIRONMENTAL DOCUMENTATION**

On October 13, 2009, your Board certified the Amended Environmental Assessment/Mitigated Negative Declaration and Mitigation Monitoring and Reporting Program adopted by the CDC as Lead Agency, and adopted by reference to the CDC's environmental findings in connection with the approved South Health Center project.

### **CONTRACTING PROCESS**

On June 17, 2008, your Board adopted the County policy for design-build project delivery. The RFP and evaluation process were conducted in accordance with the adopted policy. Each proposal was evaluated, and McCarthy was determined to be the apparent most advantageous and best value proposer. Public Works and McCarthy have negotiated the not-to-exceed contract amount.

On July 7, 2008, Public Works executed an Architect/Engineering Agreement PW-13165 in the amount of \$500,000 with J. C. Chang to provide as-needed architectural and engineering services for Public Works. Under delegated authority, Public Works executed Supplemental Agreements 1 through 3 in the total amount of \$125,000, for various design services required for the project. Public Works is now recommending awarding Supplemental Agreement 4 for a \$150,000 not-to-exceed fee, for essential scoping services during the procurement/selection period, and quality review of the design-builder's product of the project during the design-build phase for the South Health Center Replacement project.

### **IMPACT ON CURRENT SERVICES**

There will be no negative impact on current County services or projects during the performance of these recommended actions. The existing South Health Center will remain fully operational during construction of the new facility.

The Honorable Board of Supervisors  
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**CONCLUSION**

Please return one adopted copy of this letter to the Chief Executive Office, Capital Projects Division; Public Health; and Public Works, Project Management Division I.

Respectfully submitted,

A handwritten signature in black ink, appearing to read 'W. T. Fujioka', with a long horizontal stroke extending to the right.

WILLIAM T FUJIOKA  
Chief Executive Officer

WTF:GF:SK  
DJT:CV:zu

Attachments (2)

c: Executive Office, Board of Supervisors  
County Counsel  
Art Commission  
Department of Public Health  
Department of Public Works  
Office of Affirmative Action Compliance



May 11, 2010

**ATTACHMENT A**

**DEPARTMENT OF PUBLIC WORKS:  
SOUTH HEALTH CENTER REPLACEMENT PROJECT  
APPROVE PROJECT BUDGET  
AWARD DESIGN/BUILD CONSTRUCTION CONTRACT  
AWARD SUPPLEMENTAL AGREEMENT  
APPROVE RELATED ACTIONS  
SPECS. 7038; CAPITAL PROJECT 77177**

**I. PROJECT SCHEDULE**

Project Activity	Scheduled Completion Date
Scoping Documents	11/23/2009
Award Design-Build Contract	04/27/2010
Jurisdictional Approvals	Multiple submissions
Core & Shell Completion	01/19/2011
Substantial Completion	06/15/2011
Acceptance of Project	06/30/2011

**II. PROJECT FUNDING CHART**

Budget Category	Total Project Cost Estimates	C.P. No. 77177				
		HUD Funding			NCC	NCC
		EDI Grant	Section 108 Loan	Total Estimated HUD Funding	J.C. Chang - Design Consultant	FF&E
Furniture, Fixtures, & Equipment (FF&E)	N/A	N/A	N/A	N/A	N/A	\$2,000,000
Land Acquisition	\$1	\$0.50	\$0.50	\$1	N/A	N/A
Construction	\$16,000,000	\$8,000,000	\$8,000,000	\$16,000,000	N/A	N/A
Programming/Development	N/A	N/A	N/A	N/A	N/A	N/A
Plans and Specifications	N/A	N/A	N/A	N/A		N/A
Consultant Services	\$590,000	\$152,000	\$152,000	\$304,000	\$286,000	N/A
Miscellaneous Expenditures	\$22,000	\$11,000	\$11,000	\$22,000	N/A	N/A
HUD 108 Loan Fee (Est. 1% of \$10 million)	\$100,000	\$50,000	\$50,000	\$100,000		
Jurisdictional Review/Plan Check/Permit	\$500,000	\$250,000	\$250,000	\$500,000	N/A	N/A
County Services	\$2,788,000	\$1,394,000	\$1,394,000	\$2,788,000	N/A	N/A
<b>TOTAL</b>	<b>\$20,00,001</b>	<b>\$9,857,000</b>	<b>\$9,857,000</b>	<b>\$19,714,000</b>	<b>\$286,000</b>	<b>\$2,000,000</b>

### III. PROJECT BUDGET SUMMARY

Budget Category		Board Approved Budget
Land Acquisition	Subtotal	\$ 1
Construction		
Design-Build Contract		\$ 14,021,000
Change Orders		\$ 0
Contingency		\$ 668,000
Telecomm Equip - Affixed to Building		\$ 450,000
X-Ray Equip – Affixed to Building		\$ 420,000
Civic Arts (for SHC Building only)		\$ 141,000
Utility Connection Fees		\$ 200,000
Misc. Expenditure (Stipend for RFP Design-Build Competition)		\$ 100,000
	Subtotal	\$ 16,000,000
Programming/ Development	Subtotal	\$ 0
Consultant Services		
Design Consultant		\$ 286,000
Hazardous Materials		\$ 50,000
Geotech/Soils Report and Soils Testing		\$ 150,000
Material Testing		\$ 19,000
Inspection Services		\$ 0
Topographic Surveys		\$ 35,000
Equipment Planning		\$ 50,000
	Subtotal	\$ 590,000
Miscellaneous Expenditures (Printing, Legal, Advertizing)	Subtotal	\$ 22,000
HUD 108 Loan Fee (Est. 1% of \$10 million)	Subtotal	\$ 100,000
Jurisdictional Review/Plan Check/Permit	Subtotal	\$ 500,000
County Services		
Code Compliance Inspection (Inspector of Record)		\$ 300,000
Quality Control Inspection (LEED Commissioning)		\$ 150,000
Design Review		\$ 50,000
Contract Administration		\$ 200,000
Project Management		\$ 1,100,000
Project Management Support Services		\$ 120,000
ISD ITS Communications		\$ 400,000
Project Technical Support		\$ 240,000
Office of Affirmative Action		\$ 23,000
County Counsel		\$ 0
Other - GMED		\$ 5,000
Contract Management – LWHP Monitoring		\$ 200,000
	Subtotal	\$ 2,788,000
	<b>TOTAL</b>	<b>\$ 20,000,001</b>

May 11, 2010

**ATTACHMENT B**

**DEPARTMENT OF PUBLIC WORKS:  
SOUTH HEALTH CENTER REPLACEMENT PROJECT  
APPROVE PROJECT BUDGET  
AWARD DESIGN/BUILD CONSTRUCTION CONTRACT  
AWARD SUPPLEMENTAL AGREEMENT  
APPROVE RELATED ACTIONS  
SPECS. 7038; CAPITAL PROJECT 77177**

**PROPOSAL SUMMARY**

<b>Proposer</b>	<b>Best Value Average Score (Max. Score = 1,000)</b>	<b>Base Price Proposal</b>
McCarthy Building Companies Inc. – Taylor	959.83	\$12,039,783
DPR Construction Inc. – HMC Architects	929.31	\$14,188,200
S.C. Anderson, Inc.-KSA Group Architects	900.60	\$13,134,676